

NZ economic acronyms and definitions



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Acronyms and definitions

Economic Indicators	
AAPC	Annual average percent change
ANZBO	ANZ Survey of Business Opinion
APC	Annual percent change
BEFU	Budget Economic and Fiscal Update (May)
BOP	Balance of Payments
CAD	Current account deficit
CPI	Consumers Price Index
CRB	Commodity Research Bureau
DTA	Domestic Trading Activity
ECT	Electronic Card Transactions
EM	Emerging market
ETS	Emissions Trading Scheme
FSR	Financial Stability Review (RBNZ)
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GDT	Global Dairy Trade Auction
GFC	Global Financial Crisis (2008-09)
HLFS	Household Labour Force Survey
HPI	House Price Index
HTI	Heavy Traffic Index (Truckometer)
HYEFU	Half-Year Economic Fiscal Update (November)
LCI	Labour Cost Index
LSAP	Large-scale asset purchases (RBNZ QE)
LTI	Light Traffic Index (Truckometer)
LVR	Loan-to-value ratio (mortgages)
m/m or mpc	Month on month percent change
MPC	Monetary Policy Committee
MPR	Monetary Policy Review
MPS	Monetary Policy Statement
NIIP	Net International investment Position
NZU	New Zealand Units (carbon credits)
NZX50	NZ equity index
OCR	Official Cash Rate
OTI	Overseas Trade Indexes
PMI	Performance of Manufacturing Index
PPI	Producers Price Index
PSI	Performance of Services Index
QE	Quantitative Easing (central bank 'money printing')
QES	Quarterly Employment Survey
q/q	Quarter (3 months) on quarter percent change
QSBO	Quarterly Survey of Business Opinion
sa	seasonally adjusted
SNA	System of National Accounts

Spot prices	Current price (as opposed to a forward price)
S&P 500	US equity index
TOT	Terms of Trade
TWI	Trade Weighted Index
WTI	West Texas Intermediate (crude oil)
y/y	Year on year change
Currency	
AUD	Australian dollars
CNY	Chinese renminbi
DXY	US Dollar Index
EUR	Euro
GBP	British pound
JPY	Japanese yen
NZD/the Kiwi	New Zealand Dollar
USD	US dollars
Agri	
AMF	Anhydrous milkfat
CW	carcass weight
Farmgate price	Price farmers receive
GDT	GlobalDairyTrade
GHG	Greenhouse gas
kg MS	kilogram milksolid
LW	live weight
Orchard gate price	Price for produce received by the grower
SMP	Skim milk powder
Wharfgate price	Price for product delivered to the wharf
WMP	Whole milk powder
Interest rates	
ACGB	Australian Commonwealth Government Bonds
bp/bps	Basis points (100bp in 1%)
CFTC	Commodity Futures Trading Commission
LGFA	Local Government Funding Agency
NZDM	New Zealand Debt Management
NZGB	New Zealand Government Bonds
Organisations/Central Banks	
BoC	Bank of Canada
BoE	Bank of England
BoJ	Bank of Japan
ECB	European Central Bank
FOMC/Fed	Federal Open Market Committee, US Federal Reserve
IMF	International Monetary Fund
LME	London Metals Exchange
NZIER	NZ Institute of Economic Research
PBoC	People's Bank of China
RBA	Reserve Bank of Australia
RBNZ	Reserve Bank of New Zealand
REINZ	Real Estate Institute of NZ
RM	Roy Morgan

Quick explainers

Consumers Price Index (CPI): Statistics New Zealand's official index to measure the rate of change in prices of goods and services purchased by households. Core or underlying inflation measures exclude or give little weight to extreme or irregular price movements.

Current account (Balance of Payments): The current account records the value of New Zealand's transactions with the rest of the world in goods, services, income and transfers. The current account balance is the sum of all current account credits less all current account debits. When the sum of debits is greater than the sum of credits there is a current account deficit. The current account balance is commonly expressed as a percentage of nominal GDP.

Fiscal drag: The additional personal income tax generated as an individual's average tax rate increases as their income increases.

Fiscal impulse: The fiscal impulse shows whether the stance of discretionary fiscal policy is becoming more expansionary or contractionary relative to the previous year. The Treasury's fiscal impulse measure is calculated by expressing the cash version of the CAB as a percentage of nominal GDP and taking year-on-year differences. This cyclically-adjusted measure excludes items that do not directly contribute to domestic demand, such as net interest payments, capital expenditure on imported items, and the purchases and sales of financial investments.

Domestic bond programme: The amount and timing of government bonds expected to be issued or redeemed.

Future: an agreement to buy/sell something at an agreed price at a specified time in the future.

GDP deflator: An index of changes in the general price level in the economy (broader than the CPI). It is calculated as the ratio of nominal GDP to real GDP.

Gross domestic product (real): The value-added of goods and services produced in the economy expressed in the prices of a base period. The current base period is 2009/10.

Gross national expenditure (GNE): A measure of total expenditure on final goods and services by New Zealand residents.

Gross domestic product (GDP): A measure of the value-added of all goods and services produced in New Zealand. Changes in GDP measure growth or contraction in economic activity or output. GDP can be measured on either an expenditure or production basis and in either real or nominal terms (refer the following definitions).

Gross domestic product (expenditure): The sum of total expenditure on final goods and services in the economy, including exports but minus imports. Expenditure GDP is calculated in both real and nominal terms.

Gross domestic product (nominal): The value-added of goods and services produced in the economy expressed in current prices.

Gross domestic product (production): The value-added of goods and services produced in New Zealand, after deducting the cost of goods and services used in the production process. Production GDP is calculated only in real terms.

Labour cost index (LCI): The LCI measures changes in labour costs, including base wages, overtime, and nonwage labour-related costs such as annual leave and insurance.

Labour force participation rate: The percentage of the working-age population in work or actively looking for and available for work.

Labour productivity: Output per unit of labour input (where labour inputs might be measured as hours worked or the number of people employed).

Loan-to-value ratio restrictions: A loan-to-value ratio (LVR) is the value of a home loan divided by the value of the mortgaged property. The Reserve Bank first introduced LVR restrictions in October 2013 in response to rapid house price growth, placing limits on how much banks are allowed to lend to high-LVR borrowers.

Multi-factor productivity: Multi-factor productivity (MFP) relates a change in output to several types of inputs, typically capital and labour. MFP is often measured residually, as the change in output that cannot be accounted for by the change in combined inputs.

National saving: National disposable income less private and public consumption spending. Income excludes gains and losses on capital. Gross saving includes depreciation.

Monetary conditions: Aggregate monetary conditions measure the degree to which short-term interest rates and the exchange rate either support or restrict economic growth.

Monetary policy: The policies that the Reserve Bank uses to regulate the supply of money in New Zealand. The primary tool is the Official Cash Rate (OCR) but we have also seen alternative monetary policy responses, such as the Large Scale Asset Purchase (LSAP) programme and the Funding for Lending (FLP) programme. These measures are all designed to maintain stability in the rate of CPI inflation within a defined target range and to support maximum sustainable employment. Tightening monetary policy means raising interest rates (such as via the OCR) in order to moderate aggregate demand pressures and reduce inflationary pressures. Easing monetary policy has the reverse effect.

Net international investment position (NIIP): The net value of New Zealand's international assets and liabilities at a point in time.

Potential output: The level of output an economy can sustain without an acceleration of inflation.

Productivity: The amount of output (eg GDP) per unit of input.

Spread: the difference between two interest rates, eg corporate versus sovereign.

Swap rate: the wholesale interest rate that tends to underlie mortgage rates.

System of National Accounts (SNA): A set of macroeconomic accounts for government reporting, developed by the international community, to facilitate international comparisons of national economic statistics.

Tradable/non-tradable inflation: Goods are imperfectly characterised as tradable or non-tradable by Statistics NZ in order to differentiate price pressures emanating from abroad versus those in the domestic economy.

Terms of trade: The terms of trade measure the volume of imports that can be funded by a fixed volume of exports and are calculated as the ratio of the total export price index to the total import price index. New Zealand's headline terms of trade series is derived from export and import price indices from Stats NZ's quarterly overseas trade indices. The Treasury forecasts the terms of trade on an SNA basis, using implicit export and import price indices derived from quarterly national accounts data.

Trade-weighted index (TWI): A measure of movements in the NZ dollar against the currencies of our major trading partners. Since December 2014, the TWI has been based on 17 currencies, weighted according to each country's direct bilateral trade in goods and services with New Zealand. Together these countries account for more than 80% of New Zealand's foreign trade.

Underutilisation rate: The underutilisation rate is a broad measure of untapped labour market capacity. In addition to the unemployed, it includes part-time workers who want and are able to work longer hours (the under-employed), people who want a job and are available to work but not currently looking for a job, and people who are currently unavailable but looking for a job and will be able to start working within the next month.

Yield curve: the 'curve' mapped out by interest rates covering different durations, eg overnight out to 10+ years.

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